



TOWNSHIP OF NUNDA
Cheboygan County, Michigan

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Nunda	County Cheboygan
Audit Date March 31, 2004	Opinion Date July 23, 2004	Date Accountant Report Submitted to State: July 23, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on the financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

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INDEPENDENT AUDITOR'S REPORT

July 23, 2004

To the Township Board
Township of Nunda
Cheboygan County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Nunda, Cheboygan County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Nunda's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Nunda, Cheboygan County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Nunda, Cheboygan County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>	<u>General</u>	<u>Agency</u>		
Cash in bank	62 802 29	48 91	-	62 851 20
Investments	389 836 17	-	-	389 836 17
Taxes receivable	25 009 02	-	-	25 009 02
Due from other funds	48 91	-	-	48 91
Land and improvements	-	-	12 000 00	12 000 00
Building and improvements	-	-	62 732 29	62 732 29
Equipment	-	-	30 107 04	30 107 04
Total Assets	<u>477 696 39</u>	<u>48 91</u>	<u>104 839 33</u>	<u>582 584 63</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	629 79	-	-	629 79
Due to other funds	-	48 91	-	48 91
Total liabilities	<u>629 79</u>	<u>48 91</u>	<u>-</u>	<u>678 70</u>
Fund equity:				
Investment in general fixed assets	-	-	104 839 33	104 839 33
Fund balances	477 066 60	-	-	477 066 60
Total fund equity	<u>477 066 60</u>	<u>-</u>	<u>104 839 33</u>	<u>581 905 93</u>
Total Liabilities and Fund Equity	<u>477 696 39</u>	<u>48 91</u>	<u>104 839 33</u>	<u>582 584 63</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 1

	<u>Total (Memorandum Only) General Fund</u>
Revenues:	
Property taxes	87 910 28
Swamp tax	23 684 16
Special assessments	66 454 00
State revenue sharing	43 503 00
Charges for services – cemetery	5 148 05
Charges for services – hall rental	125 00
Charges for services – PTAF	15 354 91
Interest	2 773 10
Miscellaneous	<u>5 510 50</u>
Total revenues	<u>250 463 00</u>
Expenditures:	
Legislative:	
Township Board	13 638 76
General government:	
Supervisor	6 358 04
Assessor	25 245 42
Clerk	8 448 16
Treasurer	13 129 26
Board of Review	508 16
Township hall	3 759 74
Cemetery	13 550 79
Unallocated	1 020 90
Public safety:	
Fire protection	27 598 48
Liquor law enforcement	300 00
Public works:	
Sanitation	8 821 51
Highways and streets	29 783 61
Other:	
Insurance	4 691 00
Pension	1 166 24
Capital outlay	<u>652 73</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 2

	Total (Memorandum Only) <u>General Fund</u>
Total expenditures	<u>158 672 80</u>
Excess (deficiency) of revenues over expenditures	91 790 20
Fund balance, April 1	<u>385 276 40</u>
Fund Balance, March 31	<u><u>477 066 60</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND EXHIBIT C
Year Ended March 31, 2002 Page 1

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	84 040 49	87 910 28	3 869 79
Swamp tax	23 684 16	23 684 16	-
Special assessments	73 998 40	66 454 00	(7 544 40)
State revenue sharing	38 365 00	43 503 00	5 138 00
Charges for services – cemetery	2 000 00	5 148 05	3 148 05
Charges for services – hall rental	120 00	125 00	5 00
Charges for services – PTAF	7 825 00	15 354 91	7 529 91
Interest	1 660 00	2 773 10	1 113 10
Miscellaneous	16 289 25	5 510 50	(10 778 75)
Total revenues	<u>247 982 30</u>	<u>250 463 00</u>	<u>2 480 70</u>
Expenditures:			
Legislative:			
Township Board	15 036 20	13 638 76	(1 397 44)
General government:			
Supervisor	8 182 00	6 358 04	(1 823 96)
Assessor	16 372 00	25 245 42	8 873 42
Clerk	10 710 00	8 448 16	(2 261 84)
Treasurer	15 017 00	13 129 26	(1 887 74)
Board of Review	907 00	508 16	(398 84)
Township hall	3 490 00	3 759 74	269 74
Cemetery	8 775 00	13 550 79	4 775 79
Unallocated	600 00	1 020 90	420 90
Public safety:			
Fire protection	27 930 00	27 598 48	(331 52)
Liquor law enforcement	500 00	300 00	(200 00)
Public works:			
Sanitation	9 000 00	8 821 51	(178 49)
Highways and streets	113 167 25	29 783 61	(83 383 64)
Other:			
Insurance	4 500 00	4 691 00	191 00
Pension	1 550 00	1 166 24	(383 76)
Contingency	2 314 96	-	(2 314 96)
Capital outlay	<u>800 00</u>	<u>652 73</u>	<u>(147 27)</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Total expenditures	<u>238 851 41</u>	<u>158 672 80</u>	<u>(80 178 61)</u>
Excess (deficiency) of revenues over expenditures	9 130 89	91 790 20	82 659 31
Fund balance, April 1	<u>317 245 72</u>	<u>385 276 40</u>	<u>68 030 68</u>
Fund Balance, March 31	<u>326 376 61</u>	<u>477 066 60</u>	<u>150 689 99</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Nunda, Cheboygan County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Nunda. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

This fund is used to account for assets held as an agent for others.

Account Group

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 3.1154 mills, and the taxable value was \$29,362,501.00.

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore, no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>62 851 20</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	90 265 64
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>90 265 64</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
<u>Investment Type</u>				
Risk-Categorized: Operating Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>389 836 17</u>
Total Investments				<u>389 836 17</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	12 000 00	-	-	12 000 00
Building and improvements	62 732 29	-	-	62 732 29
Equipment	<u>29 454 31</u>	<u>652 73</u>	<u>-</u>	<u>30 107 04</u>
Totals	<u>104 186 60</u>	<u>652 73</u>	<u>-</u>	<u>104 839 33</u>

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>48 91</u>	Current Tax Collection	<u>48 91</u>
Total	<u>48 91</u>	Total	<u>48 91</u>

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 6 – Pension Plan

The Township has a defined contribution pension plan covering all elected officials. The Township contributes a percentage of each covered employee's wages to the plan. The covered employees also contribute to the plan. Pension expense for the fiscal year ended March 31, 2004, was \$1,166.24.

Note 7 – Budget Variances

During the fiscal year ended March 31, 2004, the Township expenditures exceeded the budgeted amounts as follows:

	<u>Budgeted Amount</u>	<u>Actual Expenditures</u>	<u>Budget Variance</u>
General Fund Activity:			
Assessor	16 372 00	25 245 42	8 873 42
Township hall	3 490 00	3 759 74	269 74
Cemetery	8 775 00	13 550 79	4 775 79
Unallocated	600 00	1 020 90	420 90
Insurance	4 500 00	4 691 00	191 00

Note 8 – Risk Management

The Township is exposed to various risk of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 – Building Permits

The Township of Nunda does not issue building permits. Building permits are issued by the County of Cheboygan.

Note 10 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 1

Township Board:	
Wages	2 011 20
Supplies	3 356 32
Legal	5 153 30
Miscellaneous	3 117 94
	<u>13 638 76</u>
Supervisor:	
Salary	5 515 00
Deputy – salary	843 04
	<u>6 358 04</u>
Assessor:	
Contracted services	25 245 42
	<u>25 245 42</u>
Clerk:	
Salary	8 000 00
Deputy Clerk	448 16
	<u>8 448 16</u>
Treasurer:	
Salary	12 624 00
Deputy Treasurer	505 26
	<u>13 129 26</u>
Board of Review	508 16
	<u>508 16</u>
Township hall:	
Wages	240 00
Repairs and maintenance	1 673 56
Utilities	1 336 36
Telephone	509 82
	<u>3 759 74</u>
Cemetery:	
Supplies	3 629 11
Contracted services	9 840 02
Miscellaneous	81 66
	<u>13 550 79</u>
Unallocated:	
Miscellaneous	1 020 90
	<u>1 020 90</u>
Fire protection	27 598 48
	<u>27 598 48</u>

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 2

Liquor law enforcement	<u>300 00</u>
Sanitation	<u>8 821 51</u>
Highways and streets:	
Repairs and maintenance -- Wildwood	28 520 55
Repairs and maintenance -- General	275 81
Street lights	<u>987 25</u>
	<u>29 783 61</u>
Insurance	<u>4 691 00</u>
Pension	<u>1 166 24</u>
Capital outlay	<u>652 73</u>
Total Expenditures	<u>158 672 80</u>

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT E

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in bank	<u>835 00</u>	<u>846 916 48</u>	<u>847 702 57</u>	<u>48 91</u>
Total Assets	<u>835 00</u>	<u>846 916 48</u>	<u>847 702 57</u>	<u>48 91</u>
<u>Liabilities</u>				
Due to other funds	<u>835 00</u>	<u>139 217 28</u>	<u>140 003 37</u>	<u>48 91</u>
Due to other taxing units	<u>-</u>	<u>707 699 20</u>	<u>707 699 20</u>	<u>-</u>
Total Liabilities	<u>835 00</u>	<u>846 916 48</u>	<u>847 702 57</u>	<u>48 91</u>

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2004

EXHIBIT F

Cash in bank – beginning of year	<u>835 00</u>
Receipts:	
Taxes and assessments	838 485 17
Property tax administration fees	8 258 98
Interest	<u>172 33</u>
Total receipts	<u>846 916 48</u>
Total beginning balance and cash receipts	<u>847 751 48</u>
Disbursements:	
Township General Fund	140 003 37
Cheboygan County	321 767 61
Wolverine Community Schools	364 652 82
Wolverine District Library	16 714 46
Refunds	<u>4 564 31</u>
Total disbursements	<u>847 702 57</u>
Cash in Bank – End of Year	<u><u>48 91</u></u>

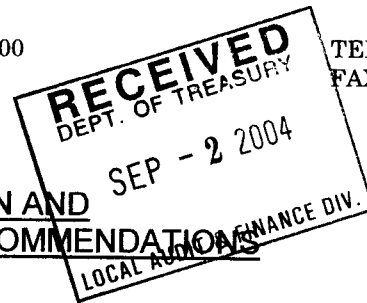
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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 23, 2004

To the Township Board
Township of Nunda
Cheboygan County, Michigan

We have audited the financial statements of the Township of Nunda, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Nunda in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

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For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

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GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Nunda will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants